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SUBJECT: LEBANON: CABINET REJECTS CONTRACT FOR FRENCH FIRM'S MANAGEMENT OF MOBILE OPERATOR (ECONOMIC WEEK IN REVIEW, NOVEMBER 10 - 16, 2008)

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CABINET REJECTS CONTRACT FOR FRENCH FIRM'S MANAGEMENT OF MOBILE OPERATOR; ORDERS TENDERS FOR MANAGEMENT CONTRACTS

¶1. (U) On November 15, the cabinet rejected Minister of Telecommunications (MOT) Gebran Bassil's proposal to contract French company Sofrecom (100 percent owned by France Telecom) to manage one of the GOL-owned mobile companies until it is privatized later this year. Bassil's proposal came in anticipation of the expiration of the current contract at the end of November. Instead, the cabinet tasked the MOT to issue a tender within two months for the management of both GOL-owned mobile companies for one year, renewable for an additional year. In the meantime, the cabinet asked the MOT to manage the companies until the tender is awarded.

CENTRAL BANK GOVERNOR CALLS FOR A SINGLE CURRENCY IN THE ARAB REGION

¶2. (U) At the annual Arab Banks' conference, held this year under the theme of "Investments for Stability," Central Bank Governor Riad Salameh called for increased cooperation among Arab banks and recommended a single currency for Arab countries. He said that Arab banks will face competition in the future, and this should encourage greater Arab banking cooperation and the adoption of a single currency "so that growth and trade in the region will not remain dependent on foreign currencies and of financing from banks that do not have a durable interest in the region."

ECONOMY MINISTRY UNPREPARED TO
IMPLEMENT IPR TREATIES

¶3. (SBU) During a meeting with the Ministry of Economy and Trade (MOET)'s IPR Unit on November 12, head of the unit Salwa Faour told EconOff that she was hopeful pending IPR draft legislation would be passed by parliament in the coming months. Faour noted, however, that the unit is unprepared to implement the Patent Cooperation Treaty (PCT) and Madrid Protocol, both of which await parliamentary ratification, due to lack of staff and proper training.

¶4. (SBU) The MOET will be organizing a seminar with WIPO on industrial property and trademarks on November 25-26.

PARTNERSHIP FOR LEBANON: BROADBAND
SHOULD BE IMPLEMENTED SOON

¶5. (SBU) On November 10, the Partnership for Lebanon presented its two-year progress report and announced ten new initiatives for 2009. These include the creation of community centers linked to the internet in a number of towns, creating a national network linking schools to the Ministry of Education, and develop the IT sector in rural areas. Speakers also stressed the need to implement broadband in Lebanon. On the sidelines, Telecom Regulatory Authority (TRA) Chairman Kamal Shehadi told us TRA will be ready by the end of the year to start broadband licensing. The Partnership for Lebanon is a U.S. private sector initiative launched after the 2006 July war by the heads of Cisco, Intel, Microsoft, Ghafari, and Occidental Petroleum to help assist in reconstruction efforts and create

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long-term growth.

EFG-HERMES AND BANK AUDI
END MERGER NEGOTIATIONS

¶6. (U) Lebanese Bank Audi and regional investment bank EFG-Hermes jointly announced the termination of merger negotiations, citing current financial market conditions as the main reason. EFG-Hermes holds a 28.6 percent stake in Bank Audi. The press also quoted a 2007 report by London-based Emerging Economies Research indicating that an investment in Bank Audi would "barely generate any excess economic added value" for EFG shareholders.

TELECOM MINISTRY
LAUNCHES CALL CENTERS

¶7. (U) At a November 13 press conference, Minister of Telecommunications Gebran Bassil announced the launch of call centers in Lebanon. Bassil noted that applications for call centers will be processed in 15-30 days at the most, and the centers could employ up to 100 people. Bassil said the economic benefits of the call centers, intended to attract investment, create jobs, and boost growth, will be felt by the end of the first quarter of 2009.

MENA ICT CONFERENCE ON
NOVEMBER 19-23 IN BEIRUT

¶8. (U) The Arab ICT Organization (IJMA3), in cooperation with the Ministry of Telecommunications (MOT), the Professional Computer Association (PCA), the Information Technology Association of America (ITAA), and the World Information Technology and Services Alliance (WITSA) will hold its first MENA ICT Week from November 19-23 in Beirut. The event will feature ICT conferences, business matching workshops, as well as the Levant's largest ICT trade fair and marketplace exhibition, known as Termium.

LEBANON FALLS IN E-GOVERNMENT
READINESS INDEX WORLDWIDE...

¶9. (U) According to the 2008 UN Electronic Government Readiness Index, Lebanon ranked 74 out of 182 countries worldwide (compared to 71 in 2005) and eight out of 18 MENA countries (compared to 6 in 2005) included in the survey. The index bases its ranking on website assessment, telecommunications infrastructure, and human capital. At the same time, the index showed significant progress in 2003-2008 in utilization of e-government (i.e., services utilized as a percentage of services available online), where Lebanon's utilization rate rose from 22 percent in 2003 to 44 percent in 2008.

... AND IMPROVES IN NATURAL RESOURCES
MANAGEMENT INDEX WITHIN MENA REGION

¶10. (U) The 2008 Natural Resources Management Index ranked Lebanon 57 out of 165 countries worldwide, down from 56 in the 2006 survey; and five out of 15 MENA countries, up from seven from the 2006 survey, in terms of economic policies that promote the sustainable management of natural resources. The index is intended to reflect government investment of limited resources in ways that will increase economic growth, reduce poverty, and improve natural resource management.

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